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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/711,124	11/10/2000	Murali Ramaswami	05250.00002	6436

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EXAMINER

BEACH, THOMAS A

ART UNIT	PAPER NUMBER
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3671

DATE MAILED: 04/19/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

<b>Office Action Summary</b>	<b>Application No.</b> 09/711,124	<b>Applicant(s)</b> RAMASWAMI ET AL.	
	<b>Examiner</b> Thomas A. Beach	<b>Art Unit</b> 3671	

**-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --**

**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on amendment filed 01/27/06.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 48-84 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☒ Claim(s) 80-84 is/are allowed.
- 6) ☒ Claim(s) 48-79 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
     Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
     Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- |  |   |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892)   | 4) <input type="checkbox"/> Interview Summary (PTO-413)<br>Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)                                   | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152)             |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)<br>Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____  |

## DETAILED ACTION

### ***Claim Rejections - 35 USC § 103***

1. Claims 48-79 are rejected under 35 U.S.C. 103(a) as being unpatentable over in Lee et al (Price Momentum and Trading Volume, dated August 29, 1999) view of Li 6,832,210. Lee discloses the method of electronically receiving and storing data regarding performance over a selected previous time period of all securities in a selected group of securities; dividing the group of securities into subgroups based on net price performance over the time period, so that a first subgroup comprises securities with net price performance over the time period greater than or equal to securities in all other subgroups of the group, and a second subgroup comprises securities with net price performance over the time period less than or equal to securities in all other subgroups of the group, low-volume winners and high-volume losers, (claims 49 & 65, pages 10-18 of 66, and figures on pages 59-61 of 66); and applying a volume/turnover filter to the winners subgroup and the losers subgroup. Lee does not show the volume/turnover filter is operable to calculate a turnover slope for each security in the winners and losers subgroups and divide the winners subgroup and the loser subgroup into further subgroups according to turnover slope. However, Lee shows a similar computer processor utilized to compile stock data from an exchange in order to be processed into output that creates a portfolio using a computer/processor where a filter, or regression (claims 50 & 66; considered a type of filter), is used to create a slope of a line based on a security (figures 3-9). Therefore, it would have been obvious to one of

ordinary skill in the art at the time the invention was made to modify Lee, as taught by Li, to perform the known portfolio analysis techniques, such as creating a turnover filter (disclosed in Lee) to create a turnover slope (Li) using a computer for real time updating, cost effective transactions, monitoring and most importantly implementing a calculatable strategy to optimize profit and minimize losses.

Lee also shows the method of trading a portfolio with low volume winners and high volume losers by holding the low-volume winners long and holding the low-volume winners for specified periods, such as six months (claims 51, 52, 58, 67 and 68; page 11, 1<sup>st</sup> paragraph; claim 20) and holding the high-volume losers short (page 11, 1<sup>st</sup> paragraph; claim 21, 23). The groups are selected base on volatility or market volatility, level of risk and market capitalization (Lee, page 4, 3<sup>rd</sup> paragraph; claims 59-62 & 75-79) regardless of seasonal trends (claim 63).

Although Lee discloses holding or shorting a particular winner or loser using the momentum life cycle, it is inherently well known in the art of trading to hold stocks long because one may predict they will rise and hold stocks since because one my predict they will lower in price (claims 52-58 and 69-74; page 4, 3<sup>rd</sup> paragraph; claims 34-36, 39-41, and 44-47).

### ***Allowable Subject Matter***

2. Claims 80-84 allowed.

### ***Response to Arguments***

3. Applicant's arguments filed 01/27/06 discuss that argues that regression is not a form or type of a filter are noted; however, regression although academic is applied as a form of filtering since it discriminates data into results. Furthermore, In response to applicant's argument that the references fail to show certain features of applicant's invention, it is noted that the features upon which applicant relies (i.e., average daily turnover volume traded divided by number of shares outstanding) per quarter for several of the receding quarters, and then calculates the slope, i.e., the change in average daily turnover, from quarter to quarter, identifying which securities on which one should go long or short) are not recited in the rejected claim(s). Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993).

### ***Conclusion***

4. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Thomas A. Beach whose telephone number is 571.272.6988. The examiner can normally be reached on Monday-Friday, 8:00am-5:00pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Thomas Will can be reached on 571.272.6998. The fax phone number for the organization where this application or proceeding is assigned is 571.273.8300.

Art Unit: 3671

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

Thomas A. Beach

April 17, 2006

**THOMAS A. BEACH**  
Primary Examiner  
Group 3600